

Message Text

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ACTION NEA-11

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FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 9367
INFO AMCONSUL ALEXANDRIA
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA

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E.O. 11652: N/A
TAGS: ETRD, EINV, EG
SUBJ: SADAT REMARKS ON BOYCOTT

1. WE NOTE FOR THE RECORD COMMENTS BY PRESIDENT SADAT ON BOYCOTT ISSUE IN INTERVIEW WITH CHICAGO TRIBUNE GROUP PUBLISHED IN MAY 16 CAIRO PRESS. ASKED IF FACT THAT COCA-COLA, WHICH IS ON ARAB BOYCOTT LIST IS COMING IN" TO EGYPT MEANS THAT ARAB BOYCOTT "HAS BECOME A DEAD ISSUE", PRESIDENT REPLIED IN THE NEGATIVE. ACCORDING INFORMAL EMBASSY TRANSCRIPT, PRESIDENT SAID "NO, IT WILL NEVER BE A DEAD ISSUE . . . BUT, ACCORDING TO THE LAW OF THE BOYCOTT ITSELF, WHENEVER A COMPANY INVESTS MORE IN OUR COUNTRY THAN ITS INVESTMENT IN ISRAEL, THE COMPANY IS WELCOME. THIS IS IN THE CHARTER OF THE BOYCOTT."

2. INTERVIEW CONTINUED AS FOLLOWS:

QUOTE. QUESTION: SO COCA-COLA COMING IN IS NOT A VIOLATION OF THE BOYCOTT?
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-, 234: NO, NO. WE MUST, ACCORDING TO THE LAW AND CHARTER OF THE BOYCOTT, SUBMIT THE WHOLE THING TO THE BOYCOTT COMMITTEE. MY MINISTRY OF FOREIGN AFFAIRS IS DOING THIS NOW. END QUOTE.

3. IN THE NEXT QUESTION/ANSWER SERIES, SADAT REPEATED USUAL FORMULATION THAT "SIDE ISSUE" (SUCH AS BOYCOTT)

WOULD AUTOMATICALLY BE RESOLVED IN CONTEXT OF OVERALL ARAB-ISRAELI SETTLEMENT.

4. COMMENT: SADAT ARGUMENT THAT PRINCIPLE OF "GREATER INVESTMENT IN ARAB WORLD" "JUSTIFIES, UNDER BOYCOTT RULES, INVITING BOYCOTTED FIRM TO UNDERTAKE PROJECT IN EGYPT CONFLICTS WITH VIEW WE UNDERSTAND PREVIOUSLY EXPRESSED BY COMMISSIONER GENERAL MAHGOUB. REFERENCE IN SUBSEQUENT REPLY TO EGYPT'S SUBMITTING ISSUE TO BOYCOTT COMMITTEE IS PROBABLY INTENDED TO SOUND NOTE OF CAUTION, EMPHASIZING THAT EGYPT IS NOT ATTEMPTING ACT UNILATERALLY ON BOYCOTT ISSUE. REFERENCE COULD ALSO BE READ, HOWEVER, IN SOMEWHAT BOLDER TERMS, AS DECLARATION THAT EGYPT INTENDS PRESS VIGOROUSLY IN BOYCOTT COMMITTEE FORUM, WHENEVER IT MEETS, FOR LIFTING OF SANCTION FROM FIRMS PREPARED MAKE SIGNIFICANT INVESTMENTS HERE

5. ASHRAF MARWAN, PRESIDENTIAL CONFIDANTE AND ARAB ORGANIZATION FOR INDUSTRIALIZATION CHAIRMAN, IN PRIVATE HAS MORE PESSIMISTIC VIEW OF POSSIBILITY OFFICIALLY LIFTING BOYCOTT ON INVESTORS IN EGYPT, SPECIFICALLY WITH RESPECT TO FORD. MARWAN TOLD CHARGE RECENTLY THAT AOI HAD JUST TURNED DOWN PROPOSAL FROM FORD TO PARTICIPATE IN FINANCING OF ITS EGYPTIAN INVESTMENT. REASON, ACCORDING TO MARWAN, IS THAT 70 PER CENT OF COMPANY PROFITS PREDICATED ON SALES TO OTHER ARAB COUNTRIES. WITH FORD LIMITED OFFICIAL USE

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STILL ON BOYCOTT HE SAID SUCH PROGRAM WOULD BE IMPOSSIBLE. EGYPT CANNOT RAISE THIS MATTER IN CURRENT ARAB POLITICAL CONTEXT, MARWAN ADDED; OTHER ARABS WOULD OPPOSE IT BECAUSE EGYPT PROPOSED IT. FOR TIME BEING HE SAID HE BELIEVES FORD PROJECT IS A NON-STARTER AND HE OPINED THAT OTHER POTENTIAL INVESTORS SHARE THIS VIEW--EVEN FORD ITSELF. (THIS LAST POINT BY MARWAN ABOUT FORD'S VIEWS, COMPANY OFFICIALS --SEE CAIRO 13017.) MATTHEWS

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